

## Message Text

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51

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SIL-01 OMB-01 DODE-00 PM-03

H-01 L-02 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

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P 211627Z JAN 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 7343

C O N F I D E N T I A L CARACAS 0762

E.O. 11652: GDS

TAGS: ELAB, PFOR, ECON, VE

SUBJECT: WORKERS STRIKE NATIONALIZED IRON MINES

1. OVER THREE THOUSAND WORKERS CLOSED DOWN THE NEWLY NATIONIZED ORINOCO MINING AND IRON MINES ON JANUARY 20 IN A WILDCAT STRIKE. THE WORK STOPPAGE IS COMPLETE INCLUDING FOR THE FIRST TIME IN HISTORY THE ORINOCO MINING COMPANY'S BRIQUETTE PLANT AS WELL AS THE MINE SECURITY GUARDS. THE RANK-AND-FILE DISCONTENT WHICH HAS NOW EXPLODED INTO A STRIKE GREW OUT OF DISSATISFACTION WITH THE VENEZUELAN GOVERNMENT-OWNED CORPORACION VENEZOLANA DE GUAYANA (CVG) WHICH TOOK OVER THE MINES ON JANUARY 1, 1975. THE WORKERS ARE PARTICULARLY FEARFUL THAT THEIR CONTRACTUAL RIGHTS TO DOUBLE INDEMNIFICATION (SIXTY DAYS PAY FOR EACH YEAR WORKED) UPON SEPARATION ARE THREATENED.

2. COMMENT: THE INABILITY OF THE CONFEDERATION OF VENEZUELAN WORKERS (CTV), AND CVG, AND THE GOV TO SATISFY THE RANK-AND-FILE AS TO THE GOOD FAITH OF THE GOVERNMENT'S GUARANTEES THAT WORKERS' RIGHTS WILL NOT BE THREATENED BY NATIONIZATION PRESENTS A POLITICAL AND ECONOMIC THREAT TO THE GOV, SINCE THE NATIONLIZATION OF THE IRON MINING INDUSTRY IS REGARDED HERE AS A PILOT PROJECT FOR THE PETROLEUM NATIONLIZATION TO TAKE PLACE LATER IN THE YEAR. RANK-AND-FILE PETROLEUM WORKERS HAVE ALSO EXPRESSED FEARS THAT A

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STATE-OWNED COMPANY WILL NOT RESPECT THEIR HARD-WON BENEFITS. THE

SITUATION IN CIUDAD GUAYANA IS COMPLICATED BY THE FACT THAT WHILE CONTRACT BENEFITS ARE EXTREMELY DIFFICULT TO COST OUT ACCURATELY, KNOWLEDGEABLE OBSERVERS BELIEVE THAT THE IRON MINERS EARN ABOUT 20PERCENT MORE THAN OTHER WORKERS EMPLOYED BY THE CVG IN SUCH OPERATIONS AS ITS STEEL MILL.  
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